

110TH CONGRESS  
2D SESSION

# H. R. 6614

To amend the Internal Revenue Code of 1986 to repeal the limitation on the amount of foreign earned income excludible from gross income by citizens or residents of the United States living abroad, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2008

Mr. GARRETT of New Jersey (for himself, Mr. PRICE of Georgia, Mr. SULLIVAN, Mrs. BLACKBURN, Mr. KING of Iowa, Mr. GINGREY, Mr. ISSA, Ms. FALLIN, Mr. CAMPBELL of California, Mr. KLINE of Minnesota, and Mr. WESTMORELAND) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the limitation on the amount of foreign earned income excludible from gross income by citizens or residents of the United States living abroad, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “American Tax Fair-  
5       ness Act of 2008”.

1 **SEC. 2. REPEAL OF LIMITATION ON THE EXCLUSION OF**  
2 **FOREIGN EARNED INCOME BY CITIZENS AND**  
3 **RESIDENTS OF THE UNITED STATES LIVING**  
4 **ABROAD.**

5 (a) IN GENERAL.—Subsection (a) of section 911 of  
6 the Internal Revenue Code of 1986 is amended to read  
7 as follows:

8 “(a) EXCLUSION FROM GROSS INCOME.—At the elec-  
9 tion of a qualified individual, there shall be excluded from  
10 the gross income of such individual, and exempt from tax  
11 under this subtitle, for any taxable year the foreign earned  
12 income of such individual.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Subsection (b) of section 911 of such Code  
15 is amended to read as follows:

16 “(b) FOREIGN EARNED INCOME.—For purposes of  
17 this section—

18 “(1) IN GENERAL.—The term ‘foreign earned  
19 income’ with respect to any individual means the  
20 amount received by such individual from sources  
21 within a foreign country or countries which con-  
22 stitute earned income attributable to services per-  
23 formed by such individual during the period de-  
24 scribed in subparagraph (A) or (B) of subsection  
25 (c)(1), whichever is applicable.

1           “(2) CERTAIN AMOUNTS NOT INCLUDED IN  
2 FOREIGN EARNED INCOME.—The foreign earned in-  
3 come for an individual shall not include amounts—

4                   “(A) received as a pension or annuity,

5                   “(B) paid by the United States or an  
6 agency thereof to an employee of the United  
7 States or an agency thereof,

8                   “(C) included in gross income by reason of  
9 section 402(b) (relating to taxability of bene-  
10 ficiary of nonexempt trust) or section 403(c)  
11 (relating to taxability of beneficiary under a  
12 nonqualified annuity), or

13                   “(D) received after the close of the taxable  
14 year following the taxable year in which the  
15 services to which the amounts are attributable  
16 are performed.”.

17           (2) Section 911 of such Code is amended by  
18 striking subsection (c) and redesignating subsections  
19 (d) through (g) as subsections (c) through (f), re-  
20 spectively.

21           (3) Subsection (c) of section 911 of such Code  
22 (as redesignated under paragraph (2)) is amended—

23                   (A) by striking “, and in applying sub-  
24 sections       (b)(2)(A),       (c)(1)(B)(ii),       and  
25       (c)(2)(A)(ii) with respect to such individual,

1           only the days within such period shall be taken  
 2           into account” in the flush language at the end  
 3           of paragraph (4),

4                   (B) by striking paragraph (7), and

5                   (C) by redesignating paragraphs (8) and  
 6           (9) as paragraphs (7) and (8), respectively.

7           (4) Subparagraph (A) of section 911(c)(7) (as  
 8           redesignated under paragraphs (2) and (3)) is  
 9           amended by striking clause (ii) and inserting “and”  
 10          at the end of clause (i).

11          (5) Subsection (e) of section 911 of such Code  
 12          (as redesignated under paragraph (2)) is amended  
 13          by striking “subsection (d)(6)” in the flush language  
 14          at the end and inserting “subsection (c)(6)”.

15          (c) EFFECTIVE DATE.—The amendments made by  
 16          this section shall apply to taxable years beginning after  
 17          the date of the enactment of this Act.

18   **SEC. 3. TREASURY REPORT ON TAXATION OF FOREIGN IN-**  
 19                   **COME.**

20          Not later than 1 year after the date of the enactment  
 21          of this Act, the Secretary of the Treasury shall submit  
 22          to the Congress a report on the United States taxation  
 23          of foreign income, including—

24                  (1) a detailed description of the United States  
 25          taxation of the foreign income (including earned in-

1       come, dividends, capital gains, and interest) of  
2       United States persons and of foreign persons,

3           (2) the recommendations of the Secretary re-  
4       garding whether and how such taxation could be re-  
5       structured and whether any particular forms of such  
6       taxation should be terminated, and

7           (3) the recommendations of the Secretary on  
8       creative, market-oriented methods to encourage in-  
9       creased repatriation of income invested outside the  
10      United States (including any extension of the tem-  
11      porary dividends received deduction under section  
12      965 of the Internal Revenue Code of 1986).

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